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Message Text

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ORIGIN XMB-04

INFO OCT-01 AF-08 ISO-00 EB-08 OMB-01 TRSE-00 /022 R

EXIMBANK

DRAFTED BY XMB: J W LENTZ:NL
APPROVED BY EB/IFD/ODF:FHTHOMAS
XMB: C NORRIS
AF/C:EMARKS
----------252233Z 112537 /66
P 251939Z MAR 77
FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA PRIORITY

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E.O. 11652: N/A

TAGS: EGEN, CG

SUBJECT: INTEREST ARREARAGE ON INGA-SHABA TRANSMISSION LINE FINANCING

REFERENCE: (A) KI4SHASA 2621, (B) STATE 064975

EXIMBANK INCREASINGLY CONCERNED THAT GOZ HAS NOT PAID INTEREST DUE FEBRUARY 10, 1977, ON ORIGINAL INGA-SHABA CREDITS. AMOUNTS DUE WERE AS FOLLOWS: EXIMBANK - DOLS. 3,092,391.71, CITIBANK ON DOLS. 102.4 MILLION U.S. DOLLAR LOAN - DOLS. 3,834,000.00, AND CITIBANK ON
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DOLS. 34.0 MILLION LOCAL COST LOAN - DOLS. 1,159,178.21. CENTRAL BANK REPRESENTATIVE RECENTLY INFORMED CITIBANK THAT IT SHOULD COLLECT FROM EXIMBANK UNDER EXIMBANK'S GUARANTEE AS THESE AMOUNTS WOULD BE INCLUDED IN PARIS CLUB RESCHEDULING. THIS IS RATHER SURPRISING REMARK SINCE DATE FOR 1977 PARIS CLUB MEETING HAS NOT YET BEEN SET AND GENERAL EXPECTATION UAS THAT INTEREST WOULD NOT BE RESCHEDULED. NET RESULT IS THAT BOTH ORIGINAL AND SUPPLEMENTAL FINANCING ARE IN TECHNICAL DEFAULT THROUGH

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APPLICATION CROSS DEFAULT CLAUSES IN BOTH AGREEMENTS.

EXIMBANK DIRECT AND GUARANTEED SUPPLEMENTAL FINANCING FOR THE INGA-SHABA PROJECT TOTALED DOLS. 68.5 MILLION, OF WHICH DOLS. 55.1 MILLION HAS BEEN DISBURSED OR COMMITTED UNDER LETTER OF CREDIT ISSUED BY MANUFACTURERS HANOVER TRUST COMPANY. OF LATTER AMOUNT DOLS. 8.0 MILLION STILL AVAILABLE TO BE DRAWN. THIS AMOUNT PLUS EXPECTED DISBURSEMENT FINAL DOLS. 2.0 MILLION UNDER ORIGINAL DOLS. 34.0 MILLION LOCAL COST CREDIT SHOULD KEEP PROJECT IN FUNDS FOR 2 - 3 MONTHS. EXIMBANK CONSIDERING SUSPENSION OF REMAINING DOLS. 13.4 MILLION BALANCE ON SUPPLEMENTAL FINANCING UNTIL GOZ IS CURRENT ON INTEREST PAYMENTS DUE EXIMBANK AND ITS GUARANTEED LENDERS. COMPLETE ANALYSIS 1977 DEBT SERVICE DUE EXIMBANK AND GUARANTEED LENDERS WILL FOLLOW BY SEPTEL IN 1 - 2 WEEKS; HOWEVER, ABOVE AMOUNTS DUE ON PROJECT BULK LARGE IN TOTAL.

EXIMBANK WOULD APPRECIATE EMBASSY DISCUSSION THIS PROBLEM WITH GOZ SOONEST TO AVOID ANOTHER SUSPENSION OF ACTIVITY ON INGA-SHABA LINE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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SAS ID: 2993226
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TAGS: EGEN, PGOV, CG
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Type: TE
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